

MINUTES ADOPTED BY CITY COUNCIL

Greenville, NC
May 11, 2006

The Greenville City Council met in a regular meeting on the above date at 7:00 PM in the City Council Chambers, third floor of the Municipal Building, with Mayor Pro-Tem Council presiding. The meeting was called to order, followed by the invocation by Mayor Pro-Tem Council and the pledge of allegiance to the flag. The following were present.

Mayor Pro-Tem Mildred A. Council
Council Member Ray Craft
Council Member Pat Dunn
Council Member Rose H. Glover
Council Member Chip Little
Council Member Larry Spell
Wayne Bowers, City Manager
Wanda T. Elks, City Clerk
David A. Holec, City Attorney

ABSENT: Mayor Robert D. Parrott

APPROVAL OF AGENDA

City Manager Bowers stated that a request had been received to remove the request by Stephen Janowski to amend the zoning regulations to reduce the primary parking requirements for the use entitled "Motel/Hotel" to one parking space per unit for the first 50 units and 1/2 space for each unit over 50.

Mr. Harry Hamilton, Chief Planner, stated that he had spoken with Mr. Janowski regarding the request and was informed that the actual request was to withdraw, not to continue.

Motion was made by Council Member Little and seconded by Council Member Craft to accept the withdrawal and to remove this item from the agenda. Motion carried unanimously.

Motion was made by Council Member Little and seconded by Council Member Craft to approve the agenda with the approved amendment. Motion carried unanimously.

SPECIAL RECOGNITIONS

Mrs. Mary Kraczon was presented with a plaque upon her retirement with five years of service in the Financial Services Department.

APPOINTMENTS TO BOARDS AND COMMISSIONS

Planning and Zoning Commission

Motion was made by Council Member Craft and seconded by Council Member Little to reappoint David Gordon and Tim Randall for a first three-year term expiring May 2009 and to elevate Porter Stokes from Alternate #1 to a regular member replacing Jay Yates for a first term to expire May 2009; to elevate Godfrey Bell from Alternate #2 to Alternate #1 for an unexpired term that expires May 2007; and to appoint Shelley Basnight as Alternate #2 to fill an unexpired term that expires May 2008. Motion carried unanimously.

ORDINANCE REZONING V. PARKER OVERTON ETAL PROPERTY LOCATED SOUTH OF EAST TENTH STREET, EAST OF FOX HAVEN DRIVE AND QUAIL HOLLOW ROAD, AND EAST OF OAKHURST SUBDIVISION FROM R6 TO O - ADOPTED

City Manager Bowers reported that a notice of public hearing was published in The Daily Reflector on May 1 and May 8, 2006 setting this time, date and place for a public hearing to consider a request by Collice Moore, Harvey Lewis and Parker Overton, to rezone 3.5269 acres located 310± feet south of East Tenth Street, east of Fox Haven Drive and Quail Hollow Road, and immediately east of Oakhurst Subdivision from R6 to O. The Planning and Zoning Commission, at its April 18, 2006 meeting, voted to recommend approval of the request.

Mr. Harry Hamilton, Chief Planner, delineated the property on a map and explained the request. He stated that the property is surrounded by vacant and single-family homes. It is impacted by the 100 and 500 year floodplain in association with Hardee Creek. There is a recognized focus area at the intersection of East Tenth Street and Port Terminal Road that is considered a gateway corridor. The proposed rezoning could generate an increase of 280 trips. The land use plan recommends commercial along this conservation open space to act as a buffer between the Oakhurst Subdivision and the recognized focus area. Due to the shape of the property and the topography, staff anticipates that the subject property could yield approximately 10 multi-family units. The proposed Office district does not contain a residential option; however, it would allow for commercial cross-district parking associated with the heavy commercial property to the east. In staff's opinion, the request is in compliance with the comprehensive plan.

Council Member Craft stated that this request is a result of a neighborhood meeting where the neighborhood was trying to control the connectivity in the neighborhood. As a result of discussion at that meeting, the neighborhood said that they would support the request. There is no immediate plan for the property.

Mayor Pro-Tem Council declared the public hearing open and solicited comments from the audience.

Mr. Ken Malpass was present to represent the petitioner and answer questions.

Dr. Rebecca Powers, who lives in Oakhurst, stated that both Council Members Craft and Dunn were at the neighborhood meeting regarding concerns about roads going through the neighborhood. Mr. Moore went to the meeting, spoke with neighborhoods and introduced the

idea of this rezoning. After it was presented, the neighbors had a discussion regarding the change and felt that the office designation would ensure less congestion than high density residential. The idea of the buffer zone was not something that was discussed at the neighborhood meeting. There is a lot of property backing up against the areas they were talking about, and it is a requirement to have that buffer. On behalf of the neighbors, it would be a big relief to have that buffer. She stated that she was in support of the request.

There being no further comments, the public hearing was closed.

Motion was made by Council Member Craft and seconded by Council Member Spell to adopt the ordinance rezoning 3.5269 acres located south of East Tenth Street, east of Fox Haven Drive and Quail Hollow Road, and east of Oakhurst Subdivision from R6 to O. Motion carried unanimously. (Ordinance No. 06-47)

ORDINANCE ANNEXING FIRE TOWER COMMERCIAL PARK, PHASE 2 – ADOPTED

City Manager Bowers reported that a notice of public hearing was published in The Daily Reflector on May 1, 2006 setting this time, date and place for a public hearing to consider a request by Shenandoah Investment Group, LLC to annex 3.998 acres located north of Fire Tower Road and east of Memorial Drive. This is a contiguous annexation.

Mr. Merrill Flood, Director of Community Development, delineated the property on a map and stated that the property is located in Voting District 5. The property is currently vacant and the proposed use is for street right-of-way. The current population is 0, and the anticipated population at full development is 0.

Mayor Pro-Tem Council declared the public hearing open and solicited comments from the audience. There being none, the public hearing was closed.

Motion was made by Council Member Little and seconded by Council Member Spell to adopt the ordinance annexing 3.998 acres located north of Fire Tower Road and east of Memorial Drive. Motion carried unanimously. (Ordinance No. 06-47)

ORDINANCE ANNEXING TYSON FARMS, SECTION TWO, PHASE 2, LOCATED NORTH OF FIRE TOWER ROAD AND EAST OF MEMORIAL DRIVE - ADOPTED

City Manager Bowers reported that a notice of public hearing was published in The Daily Reflector on May 1, 2006 setting this time, date and place for a public hearing to consider a request by Clark Land Company, LLC to annex Tyson Farms, Section Two, containing 5.7067 acres located adjacent to the east side of Williams Road and west of Tyson Farms, Section 1. This is a contiguous annexation.

Mr. Flood delineated the property on a map and stated that the property is located in Voting District 2. The property is currently vacant and the proposed use is for 28 single-family dwellings. The current population is 0, and the anticipated population at full development is 61, with an expected minority population of 38.

Mayor Pro-Tem Council declared the public hearing open and solicited comments from the audience. There being none, the public hearing was closed.

Motion was made by Council Member Craft and seconded by Council Member Spell to adopt the ordinance annexing Tyson Farms, Section Two, containing 5.7067 acres located adjacent to the east side of Williams Road and west of Tyson Farms, Section 1. (Ordinance No. 06-48)

PROPOSED DRAFT COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIP PROGRAM ANNUAL PLAN FOR FISCAL YEAR 2006-2007 - ADOPTED

Mr. Flood stated that the Community Development Department has identified activities for the upcoming 2006-07 Annual Plan. The plan identifies activities that will be funded during the 2006-07 fiscal year. The recommended activities are designed to further efforts within the 45-block revitalization area and are chosen in accordance with the needs identified within the City of Greenville's Consolidated Plan and Draft Redevelopment Plan. The top priorities and goals determined in the Consolidated Plan include revitalization of several neighborhoods in West Greenville that are in a state of decline through:

- Rehabilitation of owner-occupied units
- Acquisition and demolition of dilapidated rental housing
- Acquisition of vacant parcels to assemble land for suitable building sites
- Construction of affordable housing for owner-occupants in West Greenville area.
- Establishing areas for the construction of quality, affordable, rental housing
- Establishing a neighborhood commercial focus area
- Preserving historical business district along Albemarle Avenue and Martin Luther King, Jr. Drive
- Conversion of rental dwellings to owner occupants with downpayment/secondary mortgage assistance
- Identification of infrastructure improvements
- Improving but preserving the neighborhood character
- Developing programs and services with the private sector that will aid in the success of revitalization efforts

Other goals include supporting nonprofits that provide housing assistance to special needs populations, provide youth services, and encourage entrepreneurship; providing homebuyer assistance for first-time homebuyers through programs and structure; continuing to eliminate lead-based paint hazards in dwellings assisted with federal funding.

The total resources for the program are \$1,205,976, with \$824,276 being Community Development Block Grant (CDBG) and \$381,700 being from HOME funds. Proposed activities are as follows:

Administration	\$118,000 (CDBG)
	<u>\$ 34,700 (HOME)</u>
	\$152,700 (Total)

Non-Profit Funding	\$123,700 (CDBG)
Downpayment Assistance (Assist up to 20 homebuyers)	\$100,000 (HOME)
Acquisition/Land Assembly (Funds to acquire additional dilapidated structures or vacant properties to assembly for new construction and homeownership; includes demolition of structures and relocation assistance)	\$255,000 (CDBG)
Owner-Occupied Rehabilitation (Assist approximately 14 homeowners)	\$ 327,576 (CDBG) <u>\$ 247,000 (HOME)</u> \$ 574,576 (Total)
Total Proposed Activities	\$1,205,976

Mr. Flood concluded his presentation by reviewing the completion schedule.

February 9, 2006	Citizens Preliminary Public Input Hearing
February 10, 2006	Deadline for Submission of Community Housing Development Organization (CHDO) Applications
February 14, 2006	Consortium Allocations Finalized
February 24, 2006	Deadline for Submission of Nonprofit Applications
March 8, 2006	Affordable Housing Loan Committee Review/Recommendation of funding Nonprofits
March 13-28, 2006	Draft of Annual Plan
April 5, 2006	Neighborhood Input Meeting
March 24, 2006	Deadline for Consortium Members to Submit Activity Narrative
March 28-April 28, 2006	30-Day Public Comment
April 12, 2006	Affordable Housing Loan Committee Review of Draft Annual Plan

May 11, 2006

Final Public Hearing

May 11, 2006

City Council Adoption

May 12, 2006

Submission to HUD

Council Member Dunn expressed that it is important to provide a range of houses, and that is being done. Staff is to be commended for that.

Council Member Glover questioned why the amount provided to nonprofits was reduced.

Mr. Flood responded that is because the Community Development Block Grant funds were reduced.

Mayor Pro-Tem Council declared the Public Hearing open and solicited comments from the audience. There being none, the Public Hearing was declared closed.

Motion was made by Council Member Craft and seconded by Council Member Spell to adopt the resolution and to endorse the submission of the 2006-2007 Annual Plan. Motion carried unanimously. (Resolution No. 06-15)

PUBLIC COMMENT PERIOD

Mr. Frank Schenck of 2104 Hyde Drive and Vice Chairman of the Public Access Corporation spoke in support of the City Manager increasing the amount of money for the channel by 50% (\$25,000). The 1991 franchise agreement calls for a studio site, and they have tried to get such a site. They have been working with the Council on Aging, who is willing to take them to the new building if it gets built. East Carolina University is getting concerned because they have helped financially; however, because of issues such as parking, it is not feasible to have the site there. The group would like to have a meeting of the people concerned, including the cable operator Suddenlink, regarding the possibility of equipping a site with the fiber optic cable ready for programming. Now that the City budget has money included for them, they would like to support money for GTV.

Ms. Heather Jacobs, the Pamlico-Tar River Keeper, stated that she has met with most Council Members. A big issue being faced is the fish consumption advisory that has been put out by the State for mercury. This is the first ever for large-mouth bass. It is a public health issue, mostly for children. Mercury is a neuro-toxin. There are now many more species, fresh water and salt water, that women of child bearing age are not supposed to eat out of the waters of eastern North Carolina. The amount of mercury is every present. She requested that the Council adopt a resolution in support of mercury emissions reduction. Many places on the eastern seaboard have already done so. There is an affordable way to reduce mercury by 90%, and the technology is out there to do that. There is legislation that will delay it for decades. Dr. John Morrow, Director of the Pitt County Health Department, is bringing this up with the Pitt County Board of Health. They would like to have the proposed resolution on the agenda for the June meeting, as

there will be a local public hearing at Pitt Community College on June 8, and the public comment period ends June 30.

City Manager Bowers stated that can be placed on the June 5 agenda if the Council so desires. The consensus of the Council was to do so.

Upon being asked, Ms. Jacobs replied that this is not intended for fish in non-river areas.

Dr. Jim Kenny, a retired lung physician, stated that he has followed this issue since he gave written comments in July 2005. The Environmental Advisory Commission approved the resolution. As North Carolina ranks 10th worse in the nation for mercury levels, one in five women of child-bearing age in North Carolina have mercury levels that are toxic. Power plants are the number one source of mercury. Requiring a reduction in the mercury levels would only cost the consumer 33 to 60 cents per month. The average cost of 50 cents is far below the cost of special education and the mental anguish. It is important that this go into effect by 2010 because Duke Energy has enough credits in the bank to permit phased implementation in 20 years. At the current rate, North Carolina could be in the top 12 rate that contributed to the birth of almost 19 million debilitated infants.

RESOLUTION ESTABLISHING FAIR MARKET VALUE FOR DISPOSAL OF PARCELS IN THE 45-BLOCK REVITALIZATION AREA - ADOPTED

Director of Community Development Merrill Flood stated that part of the lots in the 45-block revitalization area that have been cleared were part of the Evans Company purchase. Interest has been expressed in the redevelopment of four parcels on Martin Luther King, Jr. Drive near Ward Street. Those two parcels were combined into two. A review appraisal has been completed by Andy Piner and reviewed by Ann McRoy as follows:

PARCEL	SQUARE FOOTAGE	DATE	LAND	PRICE PER SQUARE FOOT	REVIEW RECOMMENDATION
007161 007160	13,425	4/27/06	\$24,000	1.50	\$20,000
012636 009071	8,209	4/27/06	\$8,619	1.05	\$8,619

If Council establishes the fair market value, staff will offer the property for sale to interested redevelopers by acceptance of sealed bids and plans to redevelop the property in a manner that is in compliance with the Center City West Greenville Revitalization Plan.

Upon being asked if houses were on the smaller lots, Mr. Flood responded that there was a remnant store on one and a single-family dwelling on the other. The lots are zoned CDF or office.

Motion was made by Council Member Little and seconded by Council Member Craft to adopt the resolution establishing fair market value for disposal of parcels in the 45-Block Revitalization Area. Motion carried unanimously. (Resolution No. 06-16)

PRESENTATION OF PROPOSED CITY BUDGET FOR 2006-2007 AND 2007-2008

City Manager Wayne Bowers presented the proposed FY 2006-2007 and 2007-2008 budgets to the City Council and summarized the following budget message.

“COPY

May 3, 2006

Honorable Mayor and Members of the City Council:

As required by Section 160A-148 (5) of the North Carolina General Statutes, I submit for your consideration the proposed annual budget for fiscal years 2006-2007 and 2007-2008. Presented herein is the City of Greenville’s first two-year budget. As required by North Carolina law, the City Council will adopt an ordinance in June approving a 2006-2007 budget. For the first time, you will also be asked to approve a financial plan for the second year of the two-year budget (2007-2008).

The proposed budget includes all City funds: General, Powell Bill, Debt Service, Stormwater, Aquatics and Fitness Center, Bradford Creek Golf Course, Public Transit, and Housing in the total amounts of \$78,362,920 for 2006-2007 and \$81,879,474 for 2007-2008. The budget document also includes the separate two-year budgets for the Convention and Visitor’s Authority, Sheppard Memorial Library, and Greenville Utilities Commission.

This budget message highlights the major changes and significant recommendations contained in the budget proposal. In the formulation of this proposed budget, City Council Goals and Objectives served as significant guiding principles. As a result, the budget message begins with a review of each City Council Goal and its influence on the allocation of City dollars. Following the review of Council Goals, a summary of revenues and expenditures for each fund is provided. Finally, the budget message includes a summary of the overall proposed budget.

City of Greenville Goals and Objectives

On January 28, 2006, the City Council held a planning session to develop goals and objectives for the following two years. The City of Greenville 2006-2007 Goals were adopted by the City Council on March 9, 2006.

Goal #1: Form Effective Partnerships. Forming effective partnerships continues to be an important goal of the City. It is the City Council’s objective to encourage cooperation and coordination among units of local government in Pitt County while also building partnerships with businesses, educational institutions, and nonprofits when beneficial. As an example of partnerships with other governments, the proposed budget includes a continuation of the \$25,000

annual contribution to provide sponsorship funds for the North Carolina League of Municipalities annual conference to be held in Greenville during 2009. Also the proposed budget continues funding for the joint City-County federal lobbying contract with The Ferguson Group.

Goal #2: Organize City Services to Meet the Needs of the Citizens. Three of the recommendations of the Coordinated Services Committee created in response to this same Goal in 2005 are implemented in the proposed budget. The former Neighborhood Services Division in the Police Department has been transferred to become the Code Enforcement Division of the Community Development Department. The Building Maintenance Division has been transferred from Human Resources to Public Works. These two changes may make comparisons between the current budget and the proposed budget difficult for these divisions. Also the proposed budget includes changing a half time position to a full time position in order to consolidate all cemetery operations in the Public Works Department.

Goal #3: Increase the Technological Capability of the City of Greenville. The City seeks to increase the use of information technology to provide direct services to citizens. As a part of this Goal, the City is in the process of installing a citizen-feedback software package, In Touch. This software allows citizens to provide valuable comments/concerns regarding services and/or ask questions to learn more about what the City can do for citizens. In addition, the City staff intends to implement an automated City Council agenda system during the 2006-2007 fiscal year. The proposed budget for 2006-2007 contains a total of \$1,889,436 for computer software and hardware to significantly increase the City's technological capabilities and achieve this City Council Goal.

Goal #4: Develop Understanding and Broader Citizen Participation in City Government. One objective of this goal calls for the continuation of the Citizens Academy and Youth Council initiatives in the current fiscal year. As an instructional tool, these forums will allow citizens a first hand look at local government. Concurrently, the City seeks to explore more opportunities to use television to inform citizenry, allowing them to be a part of the many decisions of government. Greenville Public Access Television (GPAT) is one of the mediums of communication and broadened citizen participation budgeted for in the upcoming years with a proposed appropriation of \$33,000 each fiscal year. The proposed budget also includes \$24,000 for a video technician to allow the broadcasting of selected City board and committee meetings on GTV-9.

Goal #5: Enhance Diversity. Enhancing diversity means that City government reflects the community it serves and celebrates the diversity of its citizens. The City will continue to co-sponsor the International Festival, the Sunday in the Park series, and the annual 4th of July celebration. A new Minority/Women Business Enterprise (M/WBE) Coordinator position is proposed for funding in 2007-2008 through the Financial Services Department with the responsibility to act as a liaison between the City and minority and women businesses, cultivating and developing mutually beneficial relationships.

Goal #6: Emphasize the Importance of Neighborhood Stabilization and Revitalization. The City strives to develop a strong, sustainable community through the preservation of single-family

neighborhoods. Great strides have been made in this area by increasing homeownership and affordable housing, but continue in the way of preservation of historical housing, beautification, and other quality of life improvements. As a part of the City's capital improvement projects, \$5,000,000 has been allocated over the next few years for West Greenville Revitalization. Listed among the initiatives are: property acquisition, demolition, new construction, infrastructure improvement, development financing, relocation assistance, and owner-occupied rehabilitation. The proposed budget includes in the Community Development Department continued funding at \$30,000 per year for the City employee homeownership program for the University area neighborhoods.

Goal #7: Promote Economic Development in the City. The objectives of this goal are to support and advocate investment for a vibrant and prosperous Center City and promote the City to retain and expand business/industry and provide quality jobs. To help achieve these objectives, the proposed budget continues the Airport Economic Stimulus Plan for both years at \$80,800 annually and includes in 2006-2007 the final commitment of \$10,000 for the Eastern Office of the North Carolina Biotechnology Center.

Goal #8: Provide a Safe Community. Creating a safe community involves increasing public contact and improving public perception of the Police Department. Improved technology is an important component of community policing. The proposed budget includes a \$750,000 capital improvement allocation for replacement of the police dispatching and records system. The proposed budget includes full City funding for the previously grant funded Victim's Advocate position and increased City funding for the four traffic officers provided by the RAIID grant.

Goal #9: Develop Transportation Initiatives to Meet Community Growth and Ensure a Sustainable Community. This goal includes a comprehensive review of the City's primary thoroughfares to determine ways to improve travel in and around the City. This improvement involves both traditional and non-traditional modes of transportation including pedestrian travel and the use of public transit. These issues will be addressed in the forthcoming Comprehensive Transportation Plan for the Greenville Urban Area budgeted as a part of the Capital Improvement Program. The proposed budget for 2007-2008 includes two transit driver positions to allow for the expansion of GREAT bus service.

Goal #10: Maintain the Financial Stability of the City. This final goal is a stabilizer for all city functions. It is the goal of the City Council to make sure that the City is making sound financial decisions based upon short-term/long-term financial planning. This process has already begun with the implementation of the City's first two-year budget document and the adoption of a new internal service Vehicle Replacement Fund. The proposed 2007-2008 budget includes a new Financial Analyst position that is needed to monitor the expanding and more complex financial systems being developed to meet the needs of a growing City government.

General and Powell Bill Fund Revenues

General and Powell Bill Fund revenues for fiscal year 2006-2007 are projected to be \$64,172,473. This amount represents a 4.7% increase over the original budget adopted for the 2005-2006 fiscal year. The top revenue sources include ad valorem property taxes, sales taxes, Greenville Utilities Commission transfers in, refuse fees, and utilities franchise tax. With a few

notable exceptions, collections of these major revenue sources are expected to continue to increase for the next two fiscal years. For the 2007-2008 fiscal year, revenues are projected to increase an additional 5.6% to a total \$67,741,596.

Ad Valorem Property Tax

Ad valorem property taxes are by far the largest revenue source for the City in both fiscal years, composing 37% of total revenue in 2006-2007 and in 2007-2008. The current property tax rate of \$.56 per \$100 of assessed valuation has been continued for both years of the two-year budget. Projected current year property taxes for 2006-2007 are \$23,445,841. Since the tax rate is proposed to remain the same, this revenue growth of 5% is based on additions to the tax base resulting from new construction, renovations, and annexations. The 5% growth rate has been extended to the second year of the budget resulting in anticipated collections of \$24,618,133.

Sales Tax

As the second highest source of revenue, sales taxes constitute 22% of the General and Powell Bill Funds for the next two fiscal years. The growth in importance of this revenue source is illustrated by the fact that in the 2005-2006 (current) budget, sales tax revenues represented only 19% of total revenues. This increase in significance as a revenue source results from the strong growth in sales tax during the 2005-2006 fiscal year. Sales tax collections for 2005-2006 are projected to be \$13,128,612 representing a 15% growth over the previous year actual and exceeding the current year budget amount by \$1,366,129 (11.6%). Sales tax projections for the next two fiscal years are based on these significant increases for the current year. The proposed budget contains \$13,867,160 for 2006-2007 and \$14,647,562 for 2007-2008 based on 5.6% growth for each fiscal year. Reaching these projections will depend upon continued strong economic growth in both Pitt County and throughout North Carolina.

GUC Transfers In

Transfers from Greenville Utilities Commission represent 7% of anticipated General and Powell Bill Fund revenues. These transfers are made based on a formula mandated by State law. The transfer has two components: (1) the fixed amount based on net fixed assets less bonded indebtedness and (2) reimbursement for City street and park lighting expenditures. Based on current projections the amount of total transfer is anticipated to be \$4,769,240 for 2006-2007 representing a decrease of \$12,524 from the 2005-2006 budgeted amount of \$4,781,764.

Refuse Fees

Revenues from refuse fees make up 6% of the total budget for 2006-2007. Revenues from this source are projected to remain flat in 2006-2007 at \$3,950,000. New customer accounts are anticipated to be added during the coming fiscal year, but the expected customer transition of existing back yard customers to the less expensive curbside service will offset any gains in new account revenue. The proposed budget includes a refuse fee rate increase for 2007-2008. The proposed increase is recommended to cover the full direct and indirect cost of providing refuse collection services. For 2007-2008 direct sanitation division expenses are anticipated to be \$4,389,599 and overhead expenses are projected to be \$344,020. The combined total is

\$4,733,619 and will require a 20% increase in refuse fees to cover costs. The proposed new rates for 2007-2008 are from the current \$8.00 per month to \$9.60 for curbside and from \$17.00 to \$20.40 for backyard service. With this proposed increase refuse fees increase to 7% of total revenues in 2007-2008.

Utilities Franchise Tax

The City's share of the Utility Franchise Tax is based on the actual receipts from electric service sold within the municipal boundaries. The North Carolina League of Municipalities is projecting the growth statewide to be between three and four percent. This revenue source is highly sensitive to the weather. Cooler than normal summers and warmer than usual winters can lead to years with little or no growth in electric receipts. Last year during budget preparation for the 2005-2006 fiscal year, anticipated significant electric rate increases lead to a substantial projected increase in this revenue. Mild weather appears to have offset the impact of the electric rate increases. Projected collections for the 2005-2006 fiscal year are \$3,779,474. This amount is \$465,375 less than budget. This current year projection was used as the basis for increasing anticipated collections by 4% during each of the budget years resulting in projected revenues of \$3,930,653 for 2006-2007 and \$4,087,879 for 2007-2008.

Interest on Investments

With the upward swing of interest rates projected to continue through the next fiscal year and the City's very positive cash position, interest earnings are expected to increase significantly. The 2006-2007 fiscal year budget anticipated interest earnings of \$469,500. Through March 31, 2006 representing 75% of the current fiscal year the City had already earned \$808,670 in interest income. Projected interest on investments for the next two fiscal years are \$1,092,871 and \$1,194,316 respectively.

Appropriated Fund Balance

Appropriated fund balance represents dollars carried over from previous budget years. The proposed 2006-2007 budget contains a total appropriated fund balance of \$963,988. This amount is composed of \$518,745 that was appropriated by the City Council in March 2005 in order to partially offset the impact of new debt service resulting from the 2004 Certificates of Participation (COPS) and the first installment of the General Obligation Bonds authorized in November 2004. Also included in appropriated fund balance is \$345,243 from previously approved capital projects that have been completed that will now be used for other capital projects in the proposed Capital Improvement Program. The final \$100,000 will come from projected 2005-2006 year end fund balance to provide a contingency account for the 2006-2007 budget. The appropriated fund balance for 2007-2008 is \$718,745 and is composed of a continuation of the \$518,745 for new debt service and a recommended \$200,000 contingency.

General and Powell Bill Fund Expenditures

According to the North Carolina Local Government Budget & Fiscal Control Act, each local government must project an annual balanced budget, assuming all revenues will be used to pay for expenses on a one-to-one basis; therefore, revenues must equal expenses. Consequently,

expenditures are expected to increase at the same rates as revenues for each of the next two fiscal years (4.7% and 5.6% respectively).

Personnel

Salaries and benefits represent 65% of the total General and Powell Bill budget. At \$41,982,462 for 2006-2007 personnel expenses are projected to increase by \$1,935,066 or 4.8% over budgeted numbers for fiscal year 2005-2006. This change results from a proposed market salary adjustment, merit raises, and benefit increases. Because municipal government is primarily a service delivery function, personnel costs are traditionally the main component of the overall cost of service delivery.

For Every Dollar Citizens Provide...

4¢	Mayor, Council, CMO, CCO, CAO
4¢	Human Resources
6¢	Information Technology
19¢	Fire/Rescue
3¢	Financial Services
9¢	Recreation & Parks
31¢	Police
21¢	Public Works
3¢	Community Development

Based on the recommendations of the Joint City-GUC Pay and Benefits Committee and recognizing the importance of recruiting and retaining highly skilled employees, the budget includes a salary market adjustment of 3% for all employees. The Joint Committee also recommended continuation of the 1.5% merit pool program. Discussions concerning the pay compression issue addressed in the 2003-2004 pay study continue with considerations for both fiscal years in the proposed budget. A first appropriation to address the salary compression issue was approved in the 2005-2006 budget. The proposed 2006-2007 budget includes an additional \$100,000 as a source of funds to assist with a solution to this issue.

To accommodate the move to the new and expanded City Hall, two partial year positions were budgeted for the current fiscal year: Custodian II and Receptionist. These positions will receive full funding beginning in the 2006-2007 budget at an approximate additional cost of \$46,000. Five new General Fund positions have been proposed for the upcoming fiscal years within the City Manager's Office, Recreation and Parks, and Financial Services. In 2006-2007, the impact to the General Fund will total \$94,131 for two full-time and one part-time position. In 2007-2008, an additional expense of \$118,418 will be added with the addition of two new full-time staff. There are additional grant funded positions for the Police Department that will be absorbed in the City budget for the next two fiscal years.

Summary of Recommended New General Fund Positions

2006-2007:

- Public Information Office
 - Video Technician (1)—Part-Time
- Recreation and Parks
 - Program Assistant (2)—Full-Time
 - Elm Street Gym
 - Eppes Gym

2007-2008:

- Financial Services
 - Financial Analyst (1)—Full-Time
 - M/WBE Coordinator (1)—Full-Time

Health insurance is an important component of overall personnel costs and is essential to recruiting and retaining a quality workforce. Healthcare costs continue to increase significantly, as has been the case over the past few years. As a result, the City and its employees have experienced substantial increases in health insurance premiums. The proposed budget includes a 10% increase in health insurance premiums for both years.

Operating Expenses and Capital Outlay

Due to an extension in the capital outlay threshold amount, comparison of proposed operating and capital outlay expenses to the amounts in the same categories for the prior year would be misleading. Past budgeting practices considered all equipment, furniture, and other relatively minor and short-lived fixed assets between \$500 and \$35,000 as capital outlay. Effective December 5, 2005, the City Council approved narrowing this threshold to include only purchases between \$5,000 and \$35,000. This change in threshold transferred a portion of capital outlay items back into the operating expense line items of the budget.

Many of these purchases can be best described as continual expenses. Items such as replacement handguns, in car cameras, and computer equipment have a limited service life. The City attempts to maintain a regular rotation of such items to achieve optimum use without exceeding the serviceable life of these items. Failing to maintain rotation ultimately leads to higher costs, and in some circumstances, may present safety issues.

The combined proposed amount for operating expenses and capital outlay in the 2006-2007 budget is \$12,671,012 compared to \$11,308,074 for the current fiscal year. This presents an overall increase of \$1,362,938 or 12%. A significant portion of the increase in spending can be attributed to the continued rising cost of fuel. The line item for City fuel purchases has been increased by almost \$300,000 representing an adjustment of 53%. The City must prepare for the same significant increase in fuel costs that has impacted all motor vehicle operators.

Other operating line items have been increased to offset anticipated inflation including (but not limited to) printing, travel/training, buildings maintenance, supplies & materials, and advertising. Another significant change in the operating line items includes the addition of the line item fleet service cost fixed as it relates to the implementation of a new internal service Vehicle Replacement Fund. For 2006-2007 this new Fund contains the proposed appropriation of \$926,769. This significant increase in this operating line item is somewhat offset by a reduction in total capital outlay expenditures.

Due to the establishment of a Vehicle Replacement Fund, vehicles and other equipment maintained by the Fleet Maintenance Division of the Public Works Department will no longer be considered Capital Outlay and purchased through annual budgetary appropriations. Funds for the purchase of these pieces of equipment will be accumulated as annualized payments through

the operating expense line item called “fleet service cost fixed.” There are a number of ways a municipality can address fleet maintenance and replacement issues. A City may adopt a “pay as you go” approach, which funds replacement vehicles through annual budget appropriations or borrow money annually through lease purchase agreements both of which the City has employed in the past. This proposed budget recommends a third alternative known as a Vehicle Replacement Fund. Some of the advantages of establishing the Vehicle Replacement Fund for fleet acquisitions are: 1) to minimize fluctuations in the annual budget; 2) to establish manageable replacement cycles; 3) to improve the condition of the fleet; and 4) to reduce the amount of debt incurred by the City and improve its overall financial position.

Implementation of the Vehicle Replacement Fund requires annual payments by each department for the replacement costs of a vehicle. These anticipatory payments are calculated based on the total cost (replacement fee plus an inflationary rate) of a vehicle divided by its expected useful life. Useful life is determined by the age, mileage, overall condition, and maintenance costs of a particular vehicle. Payments accumulate in the fund to cover replacement at the end of a vehicle’s life cycle. These payments are accounted for within the fleet service cost fixed line item found within the operating budgets of each department. Start-up money appropriated from fund balance is used to cover the initial replacement costs of vehicles within the first year of operation or until the fund becomes self-sufficient. For 2006-2007, a total of \$1,763,600 is proposed in vehicle purchases from the Vehicle Replacement Fund.

Within the proposed capital outlay expenditures for the next two fiscal years, the goals of the City Council remain the focus. Particular attention is given to the enhancement of the technological capabilities of the City departments through the purchase of various software/equipment via the Information Technology Department. In the Financial Services Collections Division, new software is being installed to further automate the parking ticket process to reduce the number of manual steps required to enter and track tickets. In Financial Services, the Purchasing Division is also on the leading edge of the technology wave through its implementation of a new bidding module for City contracts. These expenses are included in the Information Technology budget and summarized under the Capital Outlay tab of this budget document.

Contingency

Since anticipated revenues slightly exceed proposed expenses, the contingency account has been used to balance the budget for both 2006-2007 and 2007-2008. The base contingency recommended is \$100,000 for the first year and \$200,000 for the second year. By deducting these base contingencies from the total contingency account, an undesignated amount of \$105,000 remains for 2006-2007. The undesignated amount for 2007-2008 is \$219,093. As I mentioned during the budget preview in April, the City Council will need to address such issues as extended library hours, downtown wireless service, and other unmet needs during budget deliberations by considering the appropriation of these undesignated funds.

Operating Transfers

Operating transfers from the General and Powell Bill Fund to other funds increase only slightly in the proposed 2006-2007 budget. Total transfers for 2005-2006 are \$6,418,127 and the

proposed amount for 2006-2007 is \$6,467,075. Transfers are to the Debt Service Fund, Public Transportation Fund, Sheppard Memorial Library, and Housing Fund. There is approximately a 5% decrease in transfer to Debt Service in the 2006-2007 fiscal year in comparison to the 2005-2006 fiscal year. This decrease is the result of the final payment of two obligations for prior year lease purchases during 2005-2006. The total reduction in these two lease purchase obligations alone is \$404,786. This reduction is more than enough to offset the new debt service (half year interest only) on the first installment of the General Obligation Bonds approved by voters in November 2004. The reduction in lease purchase payments is the first tangible result of the establishment of the Vehicle Replacement Fund and the related shift from short-term borrowing to meet the City's vehicle acquisition needs. The amount of lease purchase debt will decline significantly over the following four fiscal years until it is completely eliminated in 2011-2012. The debt service expenditures for 2007-2008 reflect an approximate net 3% increase. This increase is a direct result of budgeting the first full year of interest and principal payments on the first installment of the General Obligation Bonds approved by voters in November 2004.

The total transfer to Library Services is increasing from the current amount of \$914,415 to \$953,735 in 2006-2007 to cover recommended salary adjustments (3% market adjustment and 1.5% merit increases). The recommended amount does not include the Library's request to increase operating hours at the East and Carver branches. This service enhancement would increase the City transfer by an additional \$17,361 and will need to be addressed by the City Council during your budget deliberations. The City is also responsible for the debt service and capital improvements relating to the Library totaling over \$500,000 annually.

New in the 2006-2007 budget is the establishment of the Housing Fund. This fund is the result of a re-classification of CDBG/HOME within the General Fund to a new enterprise fund in order to improve expenditure tracking and accountability. Although the operating transfer is \$286,055 in 2006-2007, there is only a small impact to the General Fund budget because of the reduction of a similar amount of expenses in the former Community Development Division budget.

Capital Improvements

Capital improvements remain relatively flat at around \$3 million over the next two years as compared to the original budget for 2005-2006. This number remains at current levels to match realistic expenditure line items with the phasing of projects completed over the next five to ten years. The three largest projects planned for 2006-2007 are eight Information Technology Department projects, the employee parking lot expansion/improvement, and the Boyd Lee parking lot expansion.

The information technology projects total \$1,141,000. These projects impact most City departments and carry forward the City Council's goal of improving the technological capabilities of City government while also including \$750,000 for Public Safety.

The employee parking project will provide for the expansion and improvement of the parking lot located south of the Police-Fire/Rescue Headquarters Building on the Pitt Street-Greene Street Connector. Improvements planned will add additional parking spaces and improve the security system. This enhancement is a necessary response to the relocation of a large number of City

employees to the renovated Municipal Building from rental space at the Bank of America building in 2007.

In hopes of developing land previously purchased and to provide for the parking needs of current program participants, the Capital Improvement Program includes \$125,000 for the expansion of the H. Boyd Lee Park parking lot. This project will provide not only for additional parking but also for new lighting.

Other Capital Improvements included in the General and Powell Bill Fund for 2006-2007 and 2007-2008 are listed under the Capital Improvements tab of this budget document.

Other Funds

Debt Service Fund

As highlighted in the previous General Fund and Powell Bill Fund *Operating Transfers* section, total debt service in 2006-2007 will decrease due to a reduction in the City's overall debt load with the completion of two obligations for lease purchase. The total decrease is approximately \$400,000. The issuance of new General Obligation Bonds in 2007 increases the net debt service payments by approximately \$171,000 in 2007-2008.

Stormwater Utility Fund

The Stormwater Utility is an enterprise fund established to implement the City's Stormwater Management Program. Revenues are generated through a Stormwater fee. No fee increases are included in the budget for the Stormwater Utility. The Public Works Department will continue to work on projects included in the \$5.1 million program of improvements already underway based on the approved November 2004 General Obligation Bond referendum.

Aquatics and Fitness Center Fund

Revenues and expenses for the Aquatics and Fitness Center are balanced for both fiscal years. The 2006-2007 proposed budget of \$544,258 represents an increase of 11% over the 2005-2006 budget of \$489,700. As discussed with City Council previously, this facility is in need of significant capital improvements. Prior to the conclusion of budget deliberations the City should know if the Recreation and Parks Department has been successful in obtaining a \$500,000 State grant to make the needed improvements to the Center. An increase in fees will be recommended for implementation on January 1, 2007 when the proposed improvements are completed.

Bradford Creek Golf Course Fund

The proposed budget for the golf course operation represents a slight increase from the 2005-2006 budget. The total budget proposed for 2006-2007 is \$910,417 compared to \$892,802 for 2005-2006. This increase recognizes adjustments for rounds of golf played during the current fiscal year during the warmer months and increases in rising fuel expenses. Revenues and expenses will be adjusted throughout the budget cycle based on the amount of rounds played in order to maintain a balanced financial position for the golf course operation.

Public Transportation/Transit Fund

Planning activities are approximately the same and are reimbursable at 90% (80% Federal and 10% State). Federal operating funds remain available to cover one-half of the next operating deficit. ADA service and preventative maintenance items will continue to be reimbursed through the Capital Reimbursement Plan at a rate of 80%. The continuation of State operating support is anticipated. No service expansions are planned for 2006-2007, but two additional drivers and new buses are recommended for 2007-2008. This expansion of service will require an increase in the General Fund contribution from \$259,986 in 2006-2007 to \$368,598 in 2007-2008.

Housing Fund

Replacing the Community Development Block Grant and HOME Consortium Fund, the Housing Fund is a newly created enterprise fund beginning in 2006-2007. This program will continue to provide housing assistance to residents throughout the City. Unlike previous years, however, no funds will be charged directly to the General Fund. All funds will be expended through the Housing Fund with a proposed General Fund transfer amount of \$286,055 in 2006-2007.

Summary

The proposed budget for fiscal years 2006-2007 and 2007-2008 represents a major change for the way the City of Greenville plans and conducts financial business. The implementation of a two-year budget and the subsequent changes in budgeting practices along with the development of a new internal service fund for fleet management have challenged the City to use more long-term financial planning. The City is poised to embrace and cultivate the opportunities inherent in a growing metropolitan area.

Throughout these changes, the entire City staff has worked diligently to prepare and put together a comprehensive budget recommendation that will fit the needs of the citizenry. Reasonable and balanced, the projections present a necessary number of service level enhancements while containing costs. This effort was completed without proposing a property tax increase and despite rising expenses in areas such as fuel, insurance, and personnel costs.

I extend sincere appreciation for the dedication of the employees throughout the organization in preparing the budget. In particular, I want to commend Director of Financial Services Bernita Demery and the Financial Services Department staff for their diligent efforts throughout the budget preparation process, and Public Works Director Tom Tysinger and the Public Works staff for their work on the Capital Improvement Program.

I look forward to reviewing the proposed budget with the City Council during the next several weeks. Please contact me if you have any questions concerning the budget or City finances in general.

Respectfully submitted,

Wayne Bowers
City Manager

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City Manager Bowers concluded by reminding the Council of the May 22 City Council meeting when there will be further discussion of the balanced proposed budget. The public hearing is planned for June 5, and the proposed adoption will be June 8. The new fiscal year begins July 1.

Council Member Craft questioned why a full-time video technician was not included in the budget so that more information can be provided to the citizens. He stated that there is a tremendous need to do more education, and one way to do that is by broadcasting more board and commission meetings.

City Manager Bowers responded that with limited resources, the intent was to increase it gradually. It is not a full-time position because with televising the meetings, the hours are sporadic. Full-time video employees usually like daytime hours. With part-time, staff can hire a student or someone with a nontraditional schedule. A full-time person could surely be used, if that is the desire of Council. During the planning session, they talked about the need to promote recreation and parks. A full time position in this area could do more to make the public aware of what is available in recreation and parks. As the citizen base gets older, the opportunity to tune in and see more on GTV 9 will be advantageous. Staff can get those costs to Council and give Council some options if it wants to further upgrade public information.

Council Member Little asked if a full-time person would be just for broadcasting meetings, and the City Manager responded that it would not be.

City Manager Bowers reviewed the new positions included in the proposed budget and called on Mr. Boyd Lee, Director of Recreation and Parks, for comment.

Mr. Lee stated that two program assistants are being requested, one at Elm Street and one at Eppes, at a total cost of \$68,000. They are entry level positions that would assist the supervisor at each of the two centers. There is currently one full-time person at each of the facilities, and they have part-time people working with them.

City Manager Bowers stated that the proposed budget includes funding for extending the hours of operation for two of the libraries. The budget is based on continued revenue growth. It includes a solid waste increase along with a three percent salary increase, no property tax rate increase and two new full-time positions--a financial analyst and MWBE Coordinator.

Ms. Bernita Demery, Director of Financial Services, stated that the Financial Analyst would be a Budget Analyst and Systems Analyst. That person would provide more outreach to minority businesses and provide more assistance with federal regulations. Now it is difficult to analyze all contracts without someone to manage and oversee them. Greenville Utilities will be asked to assist.

Council Member Little asked what would happen in a two-year budget when it is determined during the first year that a new position is needed that was not included in the second year.

City Manager Bowers replied that the second year of a two-year budget is a financial plan or an outline. Changes can be made. If Council approves the financial plan, those positions don't get approved officially until Council approves them. Details of the solid waste fees were provided and the City Manager stated that as one of the larger departments using fuel, ten percent overhead has been included. That is the support cost as if it was operating as an enterprise fund. Staff had a figure close to \$700,000, and 10% of the actual direct cost is an easily defensible figure. People are switching from backyard to frontyard service pretty regularly. Revenues are stable without an increase.

Upon being asked why it is being treated as enterprise if it is not one, the City Manager responded that it should be one. One can fairly accurately figure out the actual cost. There are a lot of things in City government that a fee cannot be charged for, so staff has to try to charge for a service and identify the cost. Then it needs to be an enterprise fund.

Council Member Dunn expressed concern about the fee because everyone doesn't use it to the same degree. The fee was increased to balance the budget when the Governor cut local government funding. She stated that she is not convinced that garbage that is in interest of the health of everyone should be based exclusively on fees that cover that. Basic taxes should cover the basic health and welfare of all citizens.

City Manager Bowers stated that businesses pay for commercial garbage collection. It is not subsidized by the City, and those people pay garbage collection. There are a lot of different issues that come into play. Most cities do set it up as an enterprise fund. The rates will need to be increased 20% to make it fully pay for itself.

City Manager Bowers concluded his presentation by stating that after tonight's meeting, the Council can decide whether it wants to meet on May 22. The public hearing is scheduled for June 5 and the final adoption for June 8.

Upon being asked how the staff came up with the figure for public access television, City Manager Bowers responded that it is based on a total contribution of \$50,000. In his discussions with GPAT and the County since Cox and Suddenlink cover the urban area, that is the breakdown of those inside and outside the City. He suggested that the County contribute \$17,000 for a total of \$50,000.

Council Member Little expressed concern about the Inspections Department and stated that building permits have gone up 29% and one employee has been added since 2000. The length of time for inspections, etc. is getting longer. It might put a strain on the current workforce. He requested numbers on inspections. There is a revenue stream from the fees.

City Manager Bowers stated that staff will put together some numbers of revenues and work flow.

Council Member Spell requested information on the annual cost of an additional code enforcement officer and public nuisance officer.

Council Member Dunn stated that she prefers the neighborhood services title, since that is the terminology the typical person in the community understands.

PRESENTATION OF PROPOSED FY 2006-07 BUDGET BY GREENVILLE UTILITIES COMMISSION

General Manager Ron Elks informed the Council that nothing has changed since his last presentation. The focus last year was on the end of year performance, debt service coverages, and fund balances. The focus this year is end of year performance, debt service coverages, fund balances, and long-term sustainability. The budget goals are as follows:

- Meet customer needs
- Provide reliable utility services, at the lowest reasonable cost
- Position Greenville Utilities to achieve greater efficiencies
- Continue to meet regulatory requirements
- Preserve bond ratings
- Minimize rate increases
- Avoid future rate shock
- Ensure financial viability of each fund
- Be operationally and financially prepared for emergency situations
- Be prepared for opportunities

The budget process consisted of reviewing all capital expenditures for appropriate timing, reviewing and analyzing all operations and maintenance expenses, reviewing fees and charges, reviewing requested personnel additions, and reviewing cost savings and efficiencies.

Water/Sewer Fund

General Manager Elks stated that the things that drive the cost of water and sewer are infrastructure repair and replacement, debt service, regulatory compliance, chemicals and fuel, and utility costs for plant operations. The impact of regulatory compliance in the Water Fund is over \$1.3 million per year, and the impact on the Sewer Fund is over \$2 million per year. Challenges remain with long-term financial performance of the Water Fund. Proposed in the upcoming budget is an increase in the ¾ inch water tap fee by \$200, from \$330 to \$530. The fee has not increased since 1995. A cost comparison of other cities was displayed that showed the median fee of \$845, and the average of local utilities is \$600. Greenville Utilities may have to address the one inch water tap, also.

General Manager Elks further stated that challenges remain with long-term financial performance. Proposed in the upcoming budget is a \$200 increase in the four-inch sewer connection fee, from \$520 to \$720. The rate has not increased since 1995. Based on a cost comparison of other cities, the median fee is \$908, and the average of local utilities is \$925. Also proposed is an increase in the sewer acreage fee by \$600/acre, from \$1200 to \$1800 and an increase in the base facilities charge for ¾ inch residential meters by \$1/month and other meter sizes proportionately. Approximately seventy-five percent of these are for developers or contractors.

General Manager Elks stated that the action taken by the Greenville Utilities Commission Board on April 18, 2006 was to recommend to City Council the proposed budget that includes:

- No rate increases
- Increase in ¾ inch water tap fee by \$200, from \$330 to \$530 (effective August 1, 2006)
- Increase in 4 inch sewer connection fee by \$200, from \$520 to \$720 (effective August 1, 2006)
- Increase in sewer acreage fee by \$600/acre, from \$1200 to \$1800 (effective August 1, 2006)
- Increase in base facilities charge for ¾" inch residential meters by \$1 per month and other meter sizes proportionately (effective August 1, 2006)

The projected expenditures in the total budget are \$230,803,582, which includes \$159,390,000 for purchased power/gas, \$41,521,221 for operations, \$11,754,457 for capital outlay, \$10,553,016 for debt service, \$4,751,381 for city turnover and \$2,833,507 for operating contingencies. The Electric Fund is \$168,985,919; the Water Fund is \$11,729,069; the Sewer Fund is \$14,267,038; and the Natural Gas Fund is \$35,821,556. Requested in the budget are the following new positions—Gas Engineer in Training, Gas Service Worker I, OH Lineworker 2nd/3rd Class, Tree Trimmer I/II.

The budget highlights not listed above include

- Allowance for anticipated 10% increase in health insurance
- Allowance for 3% market adjustment in salaries
- Allowance for continuation of 1.5% merit pool in salaries
- Four new personnel allocations (net of three)

General Manager Elks concluded by showing a typical monthly electric bill for summer consumption at 1000 kWh w/LM credits ranging from \$128.40 in Kinston to \$96.59 for NC Power. The median was \$112.66, and the rate for Greenville Utilities was \$110.69. Likewise, a typical winter bill showed rates ranging from \$127.96 in Farmville to \$85.56 for NC Power. The median was \$106.90, and that for Greenville Utilities was \$100.12. A comparison of typical residential water bills based on 7500 gallons showed bills ranging from \$48.55 in Dare County to \$20.69 in Rocky Mount. The median was \$24.93 and the Greenville Utilities bill was \$23.19. Likewise, a typical residential sewer bill comparison was given based on 7500 gallons that showed bills ranging from \$41.75 in High Point to \$13.10 in Winston-Salem. The median was \$32.61. The Greenville Utilities proposed rate was \$29.10 and the current Greenville Utilities rate was \$28.10. A typical residential gas bill based on 50 ccf indicated rates ranging from \$123.91 in Wilson to \$94.83 in Lexington. The median was \$100.95, and the Greenville Utilities rate was \$108.

Upon being asked if the additional funds will be used to offset regulatory fees and if it is costing an additional \$200, General Manager Elks responded that is correct. The developer puts the tap to the right-of-way and Greenville Utilities has to move it forward. The fee has not been increased since 1995, and the Utilities is not recouping the cost at this time.

Upon being asked if they still use aquifer storage, General Manager Elks responded that they have been working on that actively for several years and hope to have it in place by next year.

PRESENTATION OF PROPOSED BUDGET FOR 2006-07 AND 2007-08 BY SHEPPARD MEMORIAL LIBRARY

Chairman of the Sheppard Memorial Library Board, Don Marr, informed the Council that the Library continues to set new records, with 350,000 people expected to visit this year. The number of items loaned have increased, and new DVD collections have been established at all branches. In October 2005, the renovation of Carver Library was completed, doubling in size. In FY 2005-06, a \$24,000 library grant was obtained to provide new computers, and they have more on-line resources than ever before. The growth is expected to increase in the future as patrons become more aware. They have electronic downloadable books as well as databases for research. The Friends of the Library raised \$27,000 for the library at the annual book sale. The Library has a Teen Council to plan special events for high school age youngsters. People have regularly volunteered at the library and have had new programs, and budgets have been reviewed and approved by the Sheppard Memorial Library Board. The budget includes a cost-of-living increase and the expected increase of health insurance. There are two new initiatives in the budget—a five percent increase in the book budget to be provided by Friends of the Library and a proposed increase in hours from 37.5 to 50 hours per week for East Branch and Carver Libraries.

Mr. Nelms stated that the budget process has involved compiling needs, computing cost of needs, figuring income from various sources, and arriving at amounts to be requested from local governments and requesting proportionate amounts from the City and County. The amount of money needed to operate the Bethel and Winterville branches is reflected in the revenues requested from each town and in revenues projected to collect from the operation of those facilities. The anticipated revenues from State Aid are projected at the level recommended by the State Library. Copier receipts and fines and fees are based on the current year income projection. Miscellaneous income includes expected contributions from the Friends of the Library and other sources of income not accounted for elsewhere. Fund balance is the amount needed from savings to balance the budget. The request of the City of Greenville is \$971,096 for FY 2006-07 and \$1,029,655 for FY 2007-08. The request of Pitt County is \$485,563 in FY 2006-07 and \$515,992 for FY 2007-08. The FY 2006-07 budget includes .94 full time employee for additional personnel to add evening and Saturday hours to East Branch and Carver Branch libraries. The budget includes a 1.5% merit and 3 percent market adjustment as considered by the City of Greenville last year. The utilities expense reflects a 10% increase based on current experience. Other costs include the anticipated impact on inflation or comparisons with the previous year. For FY 2006-07, an increase of five percent of buying power of books is included, which will be requested of the Friends of the Library. The budget reflects a three percent increase in the cost of periodicals. The budget for FY 2007-08 includes similar assumptions for increases as are expected for FY 2006-07. There are no new personnel positions or new initiatives in FY 2007-08, as it is a maintenance of effort budget. The FY 2006-07 budget is \$2,088,249, and the proposed budget for FY 2007-08 is \$2,190,098. The amount needed to operate Beth and Winterville branches is reflected in revenues request from each town and in revenues projected to be collected from the operation of those facilities.

The following questions were asked and responses given.

Is the five percent increase in books to offset increased cost of books or to add additional books?

(RESPONSE: That's real purchasing power for new books.)

What will the hours be at Carver and East Branch Libraries?

(RESPONSE: It is proposed that they both open from 9:00 until 8:00 Monday through Friday, from 9:00 until 6:00 on Friday, and from 11:00 to 3:00 on Saturday.)

Is there additional space for the Teen Council?

(RESPONSE: They are currently meeting in the basement, and that works well at the present time.)

Does the budget include \$2 from the City for every \$1 from the County?

(RESPONSE: Yes.)

Do you have pay grades?

(RESPONSE: That will be sent to you.)

PRESENTATION OF CONVENTION AND VISITORS AUTHORITY BUDGET

Executive Director Debbie Vargas applauded the City Manager and Financial Services Department for a two-year budget, which shows vision. The Convention and Visitors Bureau is funded from receipts and reserves of the hotel/motel tax, and receives no direct funding from the City and County. They are responsible for marketing the City and County. Travel and tourism generated \$149 million in Pitt County in 2004, and that contribution to the local economy saved \$83 per resident. The Bureau staff convinced 93 groups to use Greenville for their destination last year, and there were 250 groups participating in comprehensive events. Revenues for the proposed budget are estimated with a five percent increase per year. The current fiscal year collections are up 10.5% over the previous fiscal year. An adjustment was made to move staff members more towards the middle range of the salary spectrum. Funds to cover the annual cost of living adjustment and merit allocations have been included as well and will be in line with the City and Greenville Utilities. Operating costs have remained relatively stable, with an increase in utilities to cover Greenville Utilities Commission power and gas increases, a decrease in phone due to savings of new phone system, and a decrease in postage due to e-mail list of calendar distribution. An allocation of \$20,000 has been included for tourism projects. These funds could potentially serve as seed money for applying for other matching grants of contributions for targeted initiatives, such as the NC High School Athletic events. An allocation of \$5,000 has been included for convention projects to be used towards expenses for the upcoming NC League of Municipalities convention in 2009. The allocation for convention center marketing includes projected receipts for one cent of the occupancy tax collections minus one third of the cost of collection. This allocation includes some \$40,000 a year from unspent convention center marketing reserves. The Convention and Visitors Bureaus has the same number of positions they have had since 1990, which is four full-time.

Ms. Vargas gave an annual budget comparison: FY 2005-06 (\$721,868), FY 2006-07 (\$732,409), FY 2007-08 (\$765,326)

Upon being asked what kind of increase has been seen in the use of the convention center, Ms. Vargas responded that it has been open 3.5 years. In the beginning, it had more day use, and that

has gone up. Events have gone to good multi-day conventions, which has put the number of room nights up.

BUDGET ORDINANCE AMENDMENT #10 TO THE 2005-2006 CITY OF GREENVILLE
BUDGET - ADOPTED

Ms. Bernita Demery, Director of Financial Services, stated that Budget Amendment #10 includes funds for the following:

- To allocate additional funds to pay Pitt County for property tax collections.
- To allocate additional funds received by Greenville, the grantee, to pay McCloud Computer & Skills Training Center, Inc. for At-Risk Youth programs.
- To allocate funds to pay for higher than anticipated advertising costs in the City Page, The Daily Reflector, and M Voice for City services.
- To appropriate additional funds received from the Department of HUD as a block grant for the demolition of unsafe homes.
- To allocate funds for property acquisitions in the Bonner's Lane area. The acquired properties will be demolished for future development.

Upon being asked about the additional funds for at-risk youth, Ms. Demery stated that the City is the go-through for this program. The State made a site visit. It is for at-risk troubled youth for afterschool tutorial programs.

Motion was made by Council Member Little and seconded by Council Member Craft to adopt Budget Ordinance Amendment #10 to the 2005-2006 City of Greenville Budget. Motion carried unanimously. (Ordinance No. 06-49)

RESOLUTION APPROVING A LICENSING AGREEMENT WITH USCOC OF NORTH CAROLINA RSA #7, INC., (U.S. CELLULAR) TO INSTALL TELECOMMUNICATIONS ANTENNAS ON THE EASTSIDE ELEVATED WATER TANK - ADOPTED

Motion was made by Council Member Craft and seconded by Council Member Glover to adopt the resolution approving a licensing agreement with USCOC of North Carolina RSA #7, Inc., (U.S. Cellular) to install telecommunications antennas on the eastside elevated water tank. Motion carried unanimously. (Resolution No. 06-17)

APPOINTMENT OF COMMUNITY-UNIVERSITY TASK FORCE TO STUDY STUDENT-RELATED ALCOHOL ISSUES - CONTINUED

City Manager Bowers stated that this item was added to the agenda on Monday as a development of the visit to Athens. There were three specific changes that the University of Georgia was undertaking. They were working with Athens-Clarke County Government. Austin Bunch is in favor of jointly forming this task force. This is a draft and input as to what the charge of the group would be. East Carolina would designate its own members. The Chancellor will be discussing this at a meeting with his staff on the 24th and will be reviewing the proposed draft and determining who would be the representative from East Carolina. He distributed a draft document for the Council to review.

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City of Greenville-East Carolina University Task Force to Study Student Related Alcohol Issues

This task force is charged by the City of Greenville and East Carolina University to identify and implement strategies that lead to the reduction in the excessive and under age consumption of alcohol, and, subsequently, the reduction of secondary consequences among East Carolina University students, and to recommend future options and next steps to the ECU Chancellor and the City Council.

Key objectives for this task force should include the following:

- Reviewing University policies, protocols and enforcement procedures related to alcohol use and abuse on campus and in the Greenville community.
- Examining student behavior related to alcohol use and abuse and how ECU’s education, prevention and intervention programs and practices compare with best practices nationally.
- Reviewing advertising practices and standards that are used on campus and within the Greenville community that directly impact the consumption and abuse of alcohol among university students.
- Changes in City zoning ordinances to reduce the density of alcohol sales outlets and irresponsible sales and marketing practices.
- Explore the establishment of a community-wide program for responsible beverage service.
- Enhanced and publicized enforcement of the age 21 drinking and drunk driving laws.
- Consider the establishment of an alcohol free entertainment facility in Uptown Greenville.

Proposed Membership:

ECU Members

To be designated by the Chancellor

City Members

Member of City Council

Police Chief

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The consensus of the Council was to wait for ECU regarding the draft proposal.

Council Member Glover stated that they need to address other school students as well, as they are involved in alcohol, also. If the City is going to adopt a policy or form a task force, it needs to target the entire city, not just a particular place. There are a lot of students at high school and middle school that need this, too.

City Manager Bowers stated that the City has been an active participant in the Pitt County Substance Abuse Group that focuses more on middle and high school students. The proposed is

an ad hoc committee that would meet a few months and report back. The focus of the group under discussion is clearly on the University.

SUMMER ENRICHMENT PROGRAM FOR WEST GREENVILLE

Ms. Jocelyn Faust stated that there is disparity between west Greenville and other areas. This area is populated predominately by African-Americans, and the unemployment is seven times the national average. Crime is double the national average. Poverty-prone children are more likely to have developmental delay, etc. Ms. Faust stated that she has completed her junior year at East Carolina University and is currently the Community Outreach Coordinator, and has been involved in the program since her freshman year. She is the Executive Director of Safehaven. She asked that it extend to a summer program of 9:00 to 6:00 Monday through Friday for 20 children. The students' growth will be assessed in math and reading comprehension. The program will empower children and will include field trips and life skills workshops. The program has excellent volunteers, including college students. More could be provided during the summer; however, the Black Student Union will not have access to any funds. Funding that has come from the Black Student Union was provided through monetary donations and funds they raised; it did not come from the Student Government Association (SGA). The SGA doesn't provide for food; it provides for going to conferences like the Black Student Union did. Ms. Faust asked that the Council sponsor 10 students at a cost of \$19,000. The Safehaven has established goals—to provide tutoring and educational services and to improve skills. The Center plans to achieve those goals. They will have a set schedule and curriculum. They will follow through on rules, objective and meetings. From 3:30 to 4:30, the students will be asked to do their homework, and if they don't have any, they will be given some. The program will cost approximately \$39,000 for the next six months. They plan to reach out for support as well as apply for grants. It will have proper management. The students can prepare themselves for a rich and successful life. There are about 20 children now

Council Member Glover expressed appreciation to the group for adopting those children. That is a small amount of kids that need to be touched. As a city, the Council needs to support this. It needs to create better children in order to have a better community.

Council Member Dunn stated that this is a cost of \$2000 per student.

Mayor Pro-Tem Council stated that it is wonderful for college students to get engaged in the community. It is wonderful that they are reaching out and have volunteered some services.

Council Member Little asked if the group is a nonprofit and was informed that West Greenville Regional Resources is working with the youth in the community.

Mr. Ozie Hall of West Greenville Regional Resources asked the students and supporters to stand, and approximately ten people stood. He stated that many of the volunteers are away on break. They have tried to keep the center open for the last three years and have volunteered a substantial amount of hours. The Black Student Union has provided extensive hours. He has tried to take a Board role, and at this time they want to turn it over to the students. The students have done an excellent job.

Council Member Dunn asked if these students are in service-learning classes.

Mr. Hall replied that they can submit the volunteer hours to the University; however, the stability of a core staff is needed. Jocelyn has demonstrated her ability to do so. They need staff in place, especially during the summer. Last year, they weren't able to put as much time in, but kids still came in. They have developed a positive relationship with students; however, they need a core group of students that are staff.

Reverend Barnes stated that he is affiliated with a lot of different organizations, all of which have demonstrated an interest in West Greenville. He was a part of the Citizens Police Academy that sometimes met in West Greenville. He lives outside of Greenville, but works inside. There is a great need in West Greenville. He asked the Council to do something to help and put the efforts where the problems are.

Council Member Little stated that there is a mechanism in place to help fund the nonprofits through the annual plan adopted tonight. This is an extremely worthy cause. There is a process in place to apply for nonprofit funding. He questioned how the funding would be applied if Council takes them up on individual basis.

Council Member Glover stated that those funds are for brick and mortar, salaries, etc.

Upon being asked to respond, Mr. Merrill Flood, Director of Community Development, stated that generally they are brick and mortar; however, they have been expanded to include counseling services. The requests usually come in around January or February. There are steps to go through to make funds available. The Citizens Participation Plan was amended to include counseling services. They have shied away from salaries.

Council Member Little stated that one is the basic job skill program.

Council Member Craft stated that they are serving a great need; however, the City has a policy to not fund nonprofit organizations. The City doesn't have funds for it nor the process in place for it.

Council Member Little stated that if the Council opens the door, where does it draw the line unless it develops a policy about how to fund nonprofits. He is not comfortable making that a policy.

Mayor Pro-Tem Council asked if there is any other department that can be created to meet this need of the children. She stated that it falls under revitalization. She stated that they found a way to figure out how to use it for the counseling of the houses. There is plan to bring the Boys and Girls Club into West Greenville. One is coming up in Ayden. She asked that the City figure out a way to assist this effort if it means using its power to partner with someone else. The City can't solve all problems, but maybe it can assist in some small way.

Council Member Glover stated that other organizations ask for money, and the City has supported them, such as the Fourth of July fireworks. There are no funds in city or county government for poor communities. If there were, they would not have the problems they are

having now. They went to the County when they were allocating the nonprofit funds. A greater emphasis is placed on sports. The County gave \$50,000 to girls softball when it only asked for \$5000. The City is not willing to help serve the underserved student. These kids are at risk at birth to where they are now, and there is nothing in the community to help them. The City Council can do anything it wants to. It can say it will do it this one time and instruct staff to put together something for non-profits. She would hate for the City Council to say to these students that the City doesn't feel like it should support them being over there. Anyway the City Council can help, it should help. The City has contingency money. The group is only asking for help for ten kids. The City has to do something first for someone else to take the initiative to do it.

Council Member Little stated that he is not saying the Council does not appreciate what this group has done. There are other groups doing just as good for other groups of kids in lower income level kids in the community. It would be difficult for the City Council to differentiate. Their cause may be just as worthy. The City doesn't have a process. If this is opened up, the City will have to start opening it up for all groups. Council Member Little asked the difference in the many different programs. If the Council does one, it sets a precedent. He gives regularly to the Little Willie Center, and that is a good cause. The Little Willie Center hasn't asked the City for money. If the City gives to this group, then it is saying that their pocketbook is open.

Motion was made by Council Member Glover and seconded by Mayor Pro-Tem Council to fund the program for ten kids.

Council Member Dunn stated that doing something for the youth is a good cause. There is an issue of accountability and a process when public monies are spent. There needs to be something on paper to give a budget to say this is how it is going to be spent so that there is an application process. There are always things that need to be done. There are things being done like at the Little Willie Center and the Boys and Girls Club. The recreation facility is a joint project with the City. The City has, for three years, granted to West Greenville Regional Resources, the space at Eppes. There isn't a person at this table that doesn't support the idea and want to do something for the children. The Council has been working on something for months that will be a significant improvement for that community that is a huge sum of money. There has to be a process.

Council Member Glover stated that the Manager has the budget for this. She supports the Little Willie Center. Twenty kids out of thousands is only a minute part of what needs to happen.

Council Member Spell questioned where the money would come from and asked if anything like this has been done before.

City Manager Bowers stated that it would come from contingency; however, that has been spent this year. If Council approves this request, it will have to ask staff to come back with a funding source.

Mayor Pro-Tem Council stated that the City used to have organizations come forward to ask for money, and it did get out of hand. It gave money to New Directions for building space and funds and the American Legion (\$1/year building). Each year about this time, the groups would come forth, and City Council made a decision not to fund anyone anymore because it became

overwhelming. It decided to be the agency to refer. She challenged the students that if they want to help the kids, they will find a way to do it.

City Manager Bowers stated that there may be potential for collaboration. The Parks and Recreation Commission runs the recreation program in the summer at the Eppes Center. That is a possibility.

Council Member Spell asked where the money would come from.

City Manager Bowers responded that he would have to look at the budget to see.

Council Member Dunn stated that she will make a personal contribution.

Council Member Spell expressed concern about spending money that hasn't been identified.

Council Member Glover asked if they could instruct staff to see if monies are left over. The group is only asking for \$19,500 to sponsor 10 kids.

Mayor Pro-Tem Council suggested ways to collaborate—4-H, Parks and Recreation Commission, etc.

Council Member Spell stated that he would support something that said the Council knew where the money would come from.

A motion was made by Council Member Glover and seconded by Mayor Pro-Tem Council to instruct the City Manager to see if he can find the money and bring it back to Council.

Mayor Pro-Tem Council asked that the City Manager be as creative as he can to see if it can be found to meet the needs.

City Attorney Holec restated the motion as being “to request the City Manager to bring back to Council possible funding source to meet this request and to provide other options that may be used in meeting this need”.

Mayor Pro-Tem Council and Council Members Spell and Glover voted in favor of the motion. Council Members Craft, Little and Dunn voted in opposition. The motion did not pass.

Mayor Pro-Tem Council asked that they check with Greenville Utilities to see if they can partner on this.

YOUTH ENRICHMENT PROGRAM FOR WEST GREENVILLE

Mr. Christopher Taylor requested that the Council form a Youth Advisory Committee, whereby there would be a member provided by each district. This group would report to the City Council on a regular basis. He has people to suggest for the committee.

Upon being asked how this will differ from the recently formed Youth Council that was appointed by the City Council and that has members from across the County, Mr. Taylor stated that the issues now involve either year old drug and alcohol users. This committee would go into the community to find out what the issues are. This would enhance existing programs.

Council Member Little asked what Mr. Taylor needed from the City Council since it seems that he could get a group of people together to meet.

Mr. Taylor stated that this group would go into the community and deal with the issues of the youth.

Mayor Pro-Tem Council stated that solutions are needed. The problems are known.

Upon being asked why the City Council is needed for this, Mr. Taylor stated that he needs people in leadership role. The children have to be saved.

Council Member Little asked if Mr. Taylor wants the Council as individuals to say they endorse the program, support the mission and applaud the efforts.

Motion was made by Council Member Glover and seconded by Council Member Dunn to direct that staff bring back at the June meeting a resolution for Council consideration. Motion carried unanimously.

COMMENTS FROM MAYOR AND CITY COUNCIL MEMBERS

Council Member Craft congratulated ASMO on ten years in Greenville and thanked them for being a great corporate citizen.

Council Member Dunn announced the May Environmental Advisory Commission award winners.

Council Member Spell echoed Council Member Craft's comments about ASMO. He also stated that Grady-White has done a lot to make the corridor look nice.

Council Member Little thanked the staff for the way they handled the budget. The information, as provided, was very helpful.

Council Member Little announced that the City received the \$500,000 grant award from the Parks and Recreation Trust Fund for the renovation of the Greenville Aquatics and Fitness Center.

Mayor Pro-Tem Council stated that the Boys and Girls Club is sharing a club north of the river behind Peaden's Grill that will be able to serve 200 more kids. This is another great resource.

Mayor Pro-Tem Council congratulated the college graduates that graduated this weekend.

Council Member Spell also congratulated the graduates.

Mayor Pro-Tem Council stated that Willie Gary, a well known attorney, will be in Greenville June 12 to raise money for the United Negro College Fund.

Mayor Pro-Tem Council also announced that the Carol Wilson Caldwell scholarship will be given soon.

Council Member Glover reported that the Martin Luther King, Jr. Committee Forum will be held on the 15th at 6:30 p.m. in the Blue Room in the Brody Building.

Council Member Glover reported on the Senior Program from 11 until 2 at the Eppes Center.

CITY MANAGER'S REPORT

City Manager Bowers had no report to give.

ADJOURN

Motion was made by Council Member Glover and seconded by Council Member Spell to adjourn the meeting at 11:30 p.m. Motion carried unanimously.

Respectfully submitted,

Wanda T. Elks, MMC
City Clerk